

FINANCIAL RESOURCES

This section focuses on capital improvements and provides principles and strategies for the financing of urban and rural infrastructure improvements. It is important to remember that capital improvement costs do not reflect long term operating costs which also must be taken into account.



OVERALL GUIDING PRINCIPLES

- ✧ There needs to be a balance between new infrastructure in developing areas and the improvements and maintenance needs of the existing community. The City and County need to adequately fund infrastructure maintenance and improvements in existing towns and neighborhoods, while adequately funding our infrastructure needs for our community's growth.
- ✧ The City and the County will work cooperatively in as many areas as possible in order to provide services in the most efficient manner possible.

GUIDING PRINCIPLES FOR FINANCING RURAL INFRASTRUCTURE

- ✧ New acreage residential will be grouped together in a specific area to enable services to be provided more efficiently, such as reducing the amount of paved roads, fewer and shorter school bus routes and more cost effective rural water district service.
- ✧ Direct and support residential, commercial, and industrial growth to incorporated cities and towns in order to maintain a tax base for the services and utilities in the towns.

GUIDING PRINCIPLES FOR FINANCING URBAN INFRASTRUCTURE

- ✧ A Balanced Approach: The community at large should provide more financing of maintenance and improvements in existing areas. Both new and existing development should pay its fair share of improvement costs due to growth and maintenance. In general, improvements which are of general benefit to the whole community should be paid by the community while improvements which are of special benefit to a specific area should be paid by that area.
- ✧ Develop a Fair & Predictable System: Distribute infrastructure costs fairly among all property owners who benefit from the improvements. The goal of the financing system is that costs should be known in advance of development. Property owners should participate in funding improvements in new areas at generally the same rate.
- ✧ Conformance with Comprehensive Plan: Infrastructure improvements should continue to be developed only in areas identified for development in the Lincoln/ Lancaster County Comprehensive Plan. One of the most important tools in financing, is adherence to the physical plan for the community. Following the Plan for development and systematic improvements throughout Lincoln increases efficiency in construction and maximizes the community's investment.
- ✧ Conformance with Capital Improvements Program (CIP): The CIP should be utilized to pro-

vide a systematic and predictable forum for determining the timing of infrastructure improvements.

- ✧ Greater Development Efficiency: Maximize the community's investment in infrastructure through greater efficiency in residential and commercial development. Particularly in new development, an increase in the amount of commercial floor area and residential population, compared to typical suburban patterns, will decrease the amount of infrastructure necessary overall in the community.
- ✧ Use an Appropriate Financing Method for Each Infrastructure Need: One method of financing may not be appropriate for all types of infrastructure needs.
- ✧ Minimize Impact on Affordable Housing: Infrastructure financing should not increase the cost of affordable housing in Lincoln and the City should encourage retention of affordable new housing in existing neighborhoods.
- ✧ Minimize Impact on Those Who Are Not Developing Land: As much as possible, property owners should only be assessed or pay the improvement costs at the time they seek approval of development proposals or building permits. Financing mechanisms should not impact property owners in an area under development who don't want to develop their land at that time. However, property owners are not encouraged to hold their property out of development indefinitely. It may be necessary to annex property and assess improvements costs to property in the Future Service Limit, but not yet developing, in order to develop the adjacent land. The community should grow in an orderly compact fashion and therefore infrastructure improvements should be made in a timely manner. Property owners need to be educated about the growth and infrastructure plans to reduce the elements of surprise and anger and to foster more informed personal planning decisions.
- ✧ Build More Improvements Sooner: The City should attempt to build more road, water and wastewater improvements each year, without an adverse impact on property taxes. Accelerating improvements will require millions more dollars and should be done only if new financial resources and alternative financing techniques have been implemented.
- ✧ The Plan Realization section further describes the mechanisms that will link urban infrastructure programming to local market and growth conditions. It is important that there be adequate funds for the maintenance of infrastructure in the existing urban area as future growth occurs.
- ✧ Concurrent Improvements: Infrastructure improvements should be made concurrent with development. Except in limited cases, such improvements should not be made in advance of development proposals in an area. There should be adequate infrastructure in place every year to accommodate housing and employment demands.
- ✧ Timing: As projects are requested for faster implementation by a developer than are identified in the City's Capital Improvements Plan and the County 1 and 6 Program, the developer must be prepared to make additional financial contributions to improvements necessitated by a project if their project is moved to an earlier date.
- ✧ Encourage Efficiency: There should be further cooperation between the public and private sector and long-range planning efforts to save on the City's development costs that could be used for infrastructure improvements.
- ✧ Maintain Expanding System: The addition of infrastructure and growth of the City requires attention to provide an adequate level of service. Expanding facilities adds financial maintenance needs for all city services.

STRATEGIES

In May 2003, the Mayor's Infrastructure Financing Committee adopted their final report. This report includes a review and recommendations on many different financing options and includes many worthwhile strategies and actions. The final report should be used as resource for future consideration of funding options.

The primary focus of these strategies is on city water, wastewater, stormwater, roads, parks, and trails. This is based on the discussion in the community over the past several years about changes in how the City finances some infrastructure improvements. In the future additional strategies in these and other areas may be developed. The following is the recommended general approach for each infrastructure type.

WATER & WASTEWATER

The Community should maintain a balanced system of financing improvements that uses both impact fees paid by new construction and utility fees paid by rate payers throughout the city.

Continue to utilize impact fees to recover a portion of the capital costs to build trunk sewer lines and water mains. The impact fee will be used to build needed improvements to provide for the growth of the community. This includes increasing the capacity of the existing water and wastewater treatment facilities for future growth. Developers will be reimbursed from impact fees for building the larger water and wastewater mains that serve their developments and others nearby.

Utility fees pay for operation, maintenance, debt service, replacement improvements, and fund the majority of capital improvements, including growth related projects. For several years, it will be necessary to initiate a series of increases in utility fees and use of existing utility fund balances in conjunction with the impact fees mentioned above. Prior to 2003, utility rates had not been increased for over ten years. The increases are necessary to support the growth of the community as well as to maintain the existing system.

The City will continue with the strategic use of revenue bonds. Some use of revenue bonds may be needed until impact and utility fees generate enough funds for improvements. Revenue bonds are not a new source of revenue, but only a means to address the timing of improvements. Revenue bonds must ultimately be paid back, with interest.

ARTERIAL STREETS

The Community should establish a balanced system of financing improvements that uses both impact fees paid by new construction, wheel taxes paid by rate payers throughout the city and state and federal funds.

The Arterial Street impact fee will be used to build streets which support the growth of the community. Developers will be reimbursed from impact fees for building arterial streets which benefit their developments and the traveling public as a whole.

Encourage the City and County to continue to cooperate on development and right-of-way acquisition and grading standards so that rural roads can safely and efficiently transition into urban roads.

The City should continue to consider the various funding options in Lincoln, such as a local gasoline occupation tax and general obligation bonds for road construction and seek new sources that meet our growth needs such as sales tax and additional state gas taxes.

The portion of the wheel tax, generated by the wheel tax increases in 1996 and 1997, should be used in newly developing areas as intended.

PARKS AND TRAILS

The Community should continue the balanced system of financing improvements that uses both impact fees and land dedication paid by new construction with general revenue taxes paid by the community as a whole. The impact fee will be used to build neighborhood parks and trails in newly developing areas. Developers will be reimbursed for dedicating park land and building eligible improvements they make in order to serve their developments.

Continued use of General Obligation bonds in some circumstances for parks and recreational facilities with community wide use.

STORMWATER

Establish a city wide stormwater utility, as a division of the Public Works and Utilities Department. In addition, establish a service fee to be paid by residential, commercial, industrial and public/semi-public uses. Funds would be used by Public Works and Utilities to fund improvements and would be kept in a separate enterprise fund.

Continue to work cooperatively with the Lower Platte South Natural Resources District on innovative and efficient ways to provide watershed management services throughout the County.

OTHER URBAN SERVICES

New funding sources are not recommended at this time for the landfill, Lincoln Electric System, Lincoln Fire Department, Lincoln Police Department, Lincoln City Libraries and other Lincoln departments.

The City will continue to seek grants and other new sources of revenues to pay for capital improvements.

New urban development should be timed so that there is adequate school capacity in the developing areas.

School capital costs should be reviewed in future studies on the costs of growth.

COUNTY SERVICES

Services in the County are provided by a variety of different agencies, such as the County Engineer, rural water districts, rural school districts, and fire districts. While the Comprehensive Plan does not recommend any changes in the current method of financing improvements, the land use recommendations of the Plan can significantly impact County service delivery. The location of future residential, commercial and industrial uses can have a significant impact on the provision of rural services. Land use decisions should encourage development in existing towns.